

## Respondent Information Form and Questions

Please Note this form **must** be returned with your response to ensure that we handle your response appropriately

### 1. Name/Organisation

Organisation Name

Title Mr ☒ Ms ☐ Mrs ☐ Miss ☐ Dr ☐ *Please tick as appropriate*

Surname

  

Forename

### 2. Postal Address

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### 3. Permissions - I am responding as...

Individual	/	Group/Organisation
<input checked="" type="checkbox"/>		<input type="checkbox"/>
<i>Please tick as appropriate</i>		

(a) Do you agree to your response being made available to the public (in Scottish Government library and/or on the Scottish Government web site)?

*Please tick as appropriate* ☒ Yes ☐

(b) Where confidentiality is not requested, we will make your responses available to the public on the following basis  
*Please tick ONE of the following boxes*

Yes, make my response, name and address all available ☒

or

Yes, make my response available, ☐

(c) The name and address of your organisation **will be** made available to the public (in the Scottish Government library and/or on the Scottish Government web site).

Are you content for your **response** to be made available?

*Please tick as appropriate* ☐ Yes ☐ No

but not my name and address

Yes, make my response and name  
available, but not my address

or  
☐

**(d)** We will share your response internally with other Scottish Government policy teams who may be addressing the issues you discuss. They may wish to contact you again in the future, but we require your permission to do so. Are you content for Scottish Government to contact you again in relation to this consultation exercise?

*Please tick as appropriate*

☒ Yes

☐ No

## Consultation Questions

The answer boxes will expand as you type.

### Procuring rail passenger services

1. What are the merits of offering the ScotRail franchise as a dual focus franchise and what services should be covered by the economic rail element, and what by the social rail element?

Q1 comments: I have seen such arrangements in place in Europe and while they do appear to work well, it is only because there are strict controls in place to ensure that the operators deliver what is promised. I'm not so clear that the Scottish Government has the ability or resources to do that.

Such social franchises also seem to simply replicate what was there before rather than bring any element of innovation to improve the usefulness or profitability of the routes they service.

2. What should be the length of the contract for future franchises, and what factors lead you to this view?

Q2 comments: The length of the franchise should be long enough to make the contract sufficiently attractive to attract the best operators but with stronger safeguards to make sure that a poorly performing franchise holder can be removed efficiently.

But predetermining the franchise length may make the franchise unattractive to those who wish to enter the market for the first time. So I suggest that the franchise should be let for a minimum period of 5 years but that each bidder should be asked to offer a contract with a period which they think suits both their commercial needs and those of the Government but with an upper limit of say 12 years.

However it would be illogical to think that a commercial organisation would see a longer franchise as a reason alone to invest in the services it provides and the facilities it uses to provide that. Rather the opposite is much more likely to be true, i.e. that it would provide an opportunity for a successful bidder to maximise the profit that it takes from the franchise. This can be controlled, however, with the appropriate franchise financial structure.

3. What risk support mechanism should be reflected within the franchise?

Q3 comments:

4. What, if any, profit share mechanism should apply within the franchise?

Q4 comments: Any profit which the franchisee manages to secure should be its reward for good performance. Equally, any underperformance which results in a loss, should be solely borne by the franchisee.

It is therefore up to the Scottish Government to ensure that its needs are properly met (to a much higher standard than is currently the case) and that its financial expectations are clearly set out.

5. Under what terms should third parties be involved in the operation of passenger rail services?

Q5 comments: The responsibility for providing passenger services and the customer facing elements of that should lie with the franchisee. Any infrastructure over and above that should lie with Network Rail. In this way focus within these organisations remains on those areas where they currently have expertise. It should always be apparent to passengers which body is responsible for whatever is being provided. Equally any underperformance should be clearly attributable to the relevant provider.

If the passenger franchisee wishes to outsource any element of its service (eg catering or enquiries services) this should be done but the franchise should clearly require that the quality of such outsourced elements must meet a standard acceptable to rail users (and I suggest that this test is met by including Passenger Focus in any assessments).

6. What is the best way to structure and incentivise the achievement of outcome measures whilst ensuring value for money?

Q6 comments: Many commercial contracts end up in dispute because they are drafted in such a way as to make them so complicated that they lack clarity. The franchise should be established in such a way that underperformance is heavily punished and that outperformance is handsomely rewarded. The penalty for underperformance need to be heavier than it is today and (as outlined later) the performance standards need to be better.

It should not be possible for organisations just to walk away at any point of the franchise just because they got their sums wrong. And franchisees should be expected to bear the risk of the performance of the economy changing from that which they have forecast and used as an underlying assumption in their bid.

It may also be worth considering whether a bid from an organisation which is effectively a public railway operator in another country (eg NS/Abellio, DB/Arriva) is treated differently from one from a private company. This is because the risk being taken by the investors is less as the respective

government (and therefore taxpayers) ends up with having to pay any penalty and there is less incentive to avoid penalties. In a private company, the investors bear this risk and the incentive to avoid a penalty is correspondingly higher. So a lower bid from a state-backed bidder should be expected to state that a higher quality of service or a greater service and be delivered.

7. What level of performance bond and/or parent company guarantees are appropriate?

Q7 comments: That depends on who the ultimate parent is. I have seen commercial contracts with parental guarantees which are virtually of no value as the parent themselves fail when the guarantees are invoked.  
So parent company guarantees need to be carefully examined.  
Guarantees should be expected to cover all future liabilities without exception.

8. What sanctions should be used to ensure the franchisee fulfils its franchise commitments?

Q8 comments: Penalties should be imposed in the form of capital payments to the Scottish Government. But these should be ringfenced for the purpose of improving public transport.

### **Achieving reliability, performance and service quality**

9. Under the franchise, should we incentivise good performance or only penalise poor performance?

Q9 comments: Both. The successful delivery of passenger train services relies on human performance. It's all very well directing our frustration at the corporate body that is the franchisee, but very often the things that matter to customers are directly in the hands of those who are "on the ground" operating the railway on a daily basis.  
Good timekeeping should be rewarded a little but poor timekeeping should be penalised a lot. And although there has recently been a recent backlash around the payment of bonuses, such a financial reward carefully constructed to reward true outperformance (not just the level of performance expected), can bear fruit. And in such circumstances, customers will not mind when bonuses are paid.  
Bidders should therefore be encouraged to incorporate a bonus scheme within their bid which encourages those who operate the railway to bring forward proposals for improving the railway's performance.

10. Should the performance regime be aligned with actual routes or service groups, or should there be one system for the whole of Scotland?

Q10 comments: The performance regime should be aligned to individual

routes. There seems little point in telling customers on the Fife circle that a penalty has been levied because there have been issues on the West Highland line. Or that although all trains on the Fife Circle have run late all year that's OK because the rest of the franchise has performed well, so no penalty applies. That seems wrong.

11. How can we make the performance regime more aligned with passenger issues?

Q11 comments: "On-time" performance should mean exactly that – not 5 minutes within that. And the franchise should be expected to deliver on-time performance with recovery time which has grown incredibly since privatisation reduced to a minimum level. Why should the operator be allowed to have a train cover the stretch of route between Dalmeny and Edinburgh in 38 minutes where all other trains take 19 minutes for the same journey? And even in that example, trains running in the opposite direction take 15 minutes. All of this is purely to suit the franchisee and to make sure that it meets its targets which are therefore obviously wholly artificial.

Otherwise, there is no incentive to ensure that the railway is operated as customers expect. Where this is not the case (other than for weather related issues) a significant penalty should be levied in the form of an immediate fine either on the franchisee or Network Rail as appropriate.

The franchise should also dictate the number of seats that should be provided from each station on each journey. This would prevent the franchisee providing a two or three-car train where something much bigger is actually required. This would prevent a situation arising as is currently the case in the morning peak on the Fife Circle.

The franchisee should be required to establish a severe weather timetable which can be imposed quickly and communicated beforehand. And the franchisee should also be expected to provide a higher and faster level of information in such circumstances than is currently the case.

The type of rolling stock used should also be specified within the bid. Rolling stock for longer journeys should be of a higher standard than that used on local services. It cannot be right that the stock used on services around the Fife Circle is the same as that used on services linking Edinburgh and Aberdeen or that Glasgow-East Kilbride services use the same stock as services between Glasgow and Mallaig.

There should also be requirements around heating and lighting.

Running non-stop to recover lost time should be banned or subject to a financial penalty.

12. What should the balance be between journey times and performance?

Q12 comments: Equal. I have often heard people being surprised at the journey time between the central belt and Inverness or Aberdeen. Some of this is due to the extra recovery time that has been added to running times. That needs to be removed. It is not unreasonable to expect that even with the

recovery time reduced (not eliminated) that largely on-time performance cannot be achieved.

13. Is a Service Quality Incentive Regime required? And if so should it cover all aspects of stations and service delivery, or just those being managed through the franchise?

Q13 comments: No comment

14. What other mechanisms could be used for assessing train and station quality?

Q14 comments: The existing system seems adequate.

### **Scottish train services**

15. Can better use be made of existing train capacity, such as increasing the permitted standing time beyond the limit of 10 minutes or increasing the capacity limit? What is an acceptable limit for standing times on rail services?

Q15 comments: It is clear that the 10 minute rule is not being adhered to now. Given current fare levels, it would be unrealistic to worsen the quality of service provided and indeed one would hope that in the new franchise a plan is included to increase the number of seats provided in peak periods (including around special events).

16. Should the number of services making use of interchange stations (both rail to rail and rail to other modes) be increased to reduce the number of direct services? What would be the opportunities and challenges of this?

Q16 comments: No. There is plenty of evidence to show that where customers have to change (irrespective of the mode of transport) then they will opt to travel on "through" services. Why else would there be demand for direct flights from Scotland to Europe to avoid changing planes in London? The cross country inter-city network was born out of the need to avoid forcing people to change trains at Birmingham. It must be recognised that all rail journeys operate in a competitive environment, mainly with the private car. What incentive would there be for a customer in say Berwick to travel by train to Inverness if they have to change trains in Edinburgh and Perth when they can drive in the comfort of a private car? Such moves would also appear to discriminate against disabled and elderly travellers and those travelling with children or heavy luggage. Put the customer first not the franchisee.

In Europe, long distance services are common and heavily used. Europe also extensively and successfully uses the method of joining and splitting trains en-route (as does of course England). This could also be used in Scotland to improve route utilisation and to open up new routes. For instance, a new service could be provided to allow customers to avoid the need to travel

across Glasgow by having a portion of trains from Aberdeen and Inverness operate to Carlisle via Cumbernauld and Motherwell, splitting at Stirling. Properly promoted, such services could bring new popular routes to the network.

17. Should Government direct aspects of service provision such as frequency and journey time, or would these be better determined by the franchisee based on customer demand?

Q17 comments: Yes. The Government needs to specify what is acceptable as it represents customer expectations. The franchise holder represents its shareholders and its needs are therefore different and will over-ride any customer expectation.

18. What level of contract specification should we use for the next ScotRail franchise?

Q18 comments: A full specification should be issued. For a commercial organisation, innovation equals risk. And risk to shareholders is to be avoided at all costs. So what evidence is there that any franchise holder has innovated successfully without significant financial support from Government?

Other forms of specification allow too much room for the franchise holder to under-deliver without suitable redress.

19. How should the contract incentivise the franchisee to be innovative in the provision of services?

Q19 comments: See also the answer to Q18. Any innovation will need to be supported by Government. I would suggest that the franchise should allow for innovation to be brought forward by either the Government or franchisee outside the franchise and in return for specific payment. It is highly unlikely that any innovation will come from the franchise holder without such guaranteed payments. Its only interest, quite properly, is its balance sheet.

## **Scottish rail fares**

20. What should be the rationale for, and purpose of, our fares policy?

Q20 comments: To maintain the current level of fares relative to travel by other modes. So if coach fares rise or the cost of running a car rise, so can rail fares. One exception to this would be where significant improvements are made to services (for instance through the provision of improved rolling stock). Where such improvements are made, appropriate fares can be increased but only after showing, in pounds and pence, the customers affected where their increased fares are being spent.

21. What fares should be regulated by government and what should be set on a commercial basis? Do your recommendations change by geographic area (the Strathclyde area example), or by type of journey (for example suburban or intercity)?

Q21 comments: Only commuter services or monopoly fares should be regulated. Monopoly includes where the rail operator also operates parallel bus services. Other fares should be set as per the answer to Q20.

22. How should we achieve a balance between the taxpayer subsidy and passenger revenue contributions in funding the Scottish rail network? At what rate should fares be increased, and how feasible would it be to apply higher increases to Sections of the network which have recently been enhanced?

Q22 comments: See Answer to Q20

23. What should the difference be between peak and off-peak fares? Will this help encourage people to switch to travelling in the off-peak?

Q23 comments: This should be up to the franchise holder within the limits set out in the answer to Q20.



## **Scottish stations**

24. How should we determine what rail stations are required and where, including whether a station should be closed?

Q24 comments: This should be determined in accordance with local demand with the support of local government. A minimum expected passenger count should be set.

25. What are the merits or issues that arise from a third party (such as a local authority or local business) being able to propose, promote and fund a station or service?

Q25 comments: If this improves the existing level of service and does not result in the loss of any amenities then there does not seem to be a sound argument against it.

26. Should only one organisation be responsible for the management and maintenance of stations? If this was the franchisee how should that responsibility be structured in terms of leasing, investment, and issues relating to residual capital value?

Q26 comments: Whoever is best equipped to manage and maintain stations should carry out the task.

27. How can local communities be encouraged to support their local station?

Q27 comments: No comment

28. What categories of station should be designated and what facilities should be available at each category of station?

Q28 comments: No comment other than all stations should offer clean toilet and water facilities and heated waiting areas.

## **Cross-border services**

29. Should cross-border services continue to go north of Edinburgh? In operating alongside ScotRail services, how do cross-border services benefit passengers and taxpayers? And who should specify these services, the Department of Transport or the Scottish Ministers?

Q29 comments: Yes. Please also see the answer to Q16. Any move to do this would make Scotland seem isolationist and European best practice would suggest that cross-border services work very well and attract significant levels of custom even where budget airlines are providing stiff competition. The new franchise holder should be required to help promote cross-border services and operate "one-railway".

30. Or should the cross-border services terminate at Edinburgh Waverley, allowing opportunities for Scottish connections? And if so, what additional benefits would accrue from having an Edinburgh Hub?

Q30 comments: None – if anything, it would make the present station even more congested both on an operating basis and for the passengers using the station. This would be a retrograde step.

### **Rolling stock**

31. What alternative strategies or mechanisms could be used to reduce the cost of the provision of rolling stock?

Q31 comments: No comment

32. What facilities should be present on a train and to what extent should these facilities vary according to the route served?

Q32 comments: All trains should have working toilets and CCTV. All trains should also provide free wifi for all passengers. Services operating on the following routes should have catering facilities at all times of the day for the whole of the journey:

Glasgow-Edinburgh via Falkirk

Glasgow/Edinburgh to Aberdeen or Inverness

Inverness – Kyle of Lochalsh/Thurso/Wick

Glasgow – Fort William/Mallaig

Glasgow – Stranraer

Glasgow/Stranraer- Carlisle.

All stations should have heated waiting areas.

### **Passengers – information, security and services**

33. How should we prioritise investment for mobile phone provision and / or Wi-Fi type high-bandwidth services?

Q33 comments: See answer to Q33.

34. How should we balance the need for additional seating capacity and retain the flexibility of a franchisee to offer first-class services if commercially viable?

Q34 comments: Leave this up to the franchisee.

35. What issues and evidence should be considered prior to determining whether or not to ban the consumption of alcohol on trains?

Q35 comments: The current situation is acceptable except that there should be greater policing of those who are drunk and causing distress to others. There should be a greater willingness to remove and arrest such passengers.

36. How can the provision of travel information for passengers be further improved?

Q36 comments: When things go wrong, people on trains often find out what is happening by phoning friends or where they can by looking at the web. On train information has to get better. Inter-company information also needs to improve and bidders should be asked how they intend to achieve better communication.

### **Caledonian Sleeper**

37. Should we continue to specify sleeper services, or should this be a purely commercial matter for a train operating company?

Q37 comments: This needs to be retained for those who need to be at early morning meetings in London and to facilitate tourism. However, bidders need to explain how they will improve awareness and use of the services. They should also be asked to suggest how extra capacity might be provided.

38. Should the Caledonian Sleeper services be contracted for separately from the main ScotRail franchise? Or should it be an option for within the main ScotRail franchise?

Q38 comments: It should be an option within the main franchise otherwise there is a danger that no operator offers to provide the service. Bidders should be made aware that while they may not be successful in winning the main franchise, they may instead be awarded the sleeper franchise if that makes more sense financially for the Government. The cost should therefore be shown separately.

39. We would be interested in your views in the level and type of service that the Caledonian Sleeper Services should provide. Including:

- What is the appeal of the Caledonian Sleeper Service, and if there were more early and late trains would the appeal of the sleeper services change?
- What is the value of sleeper services to Fort William, Inverness and Aberdeen and are these the correct destinations, for example would Oban provide better connectivity?

- What facilities should the sleeper services provide and would you pay more for better facilities?

Q39 comments: I have used the sleeper services both for business and leisure and in both the cabins and seated part of the service. It allows an early start to meetings in London (I have then got the last daytime service back). More choice would be welcome though I suspect that route capacity on the WCML would mean that a ECML routing would be required to achieve this. I cannot comment on services north of Edinburgh.

### **Environmental issues**

40. What environmental key performance indicators should we consider for inclusion in the franchise agreement or the High Level Output Specification?

Q40 comments: More electrification should be sought though I suspect that this is not within the remit of the Scotrail franchise.